

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-57538; File No. SR-NSX-2008-07)

March 20, 2008

Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Post Only Orders

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 17, 2008, the National Stock Exchange, Inc. (“NSX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change, as described in Items I, II, and III below, which Items have been substantially prepared by the Exchange. The Exchange has designated this proposal as one effecting a change in an existing order-entry system of a self-regulatory organization under Section 19(b)(3)(A)(iii) of the Act,<sup>3</sup> and Rule 19b-4(f)(5) thereunder,<sup>4</sup> which renders the proposal immediately effective upon filing with the Commission. The Commission is publishing this notice to solicit comment on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is proposing to clarify that a Post Only Order will be rejected without execution if it is immediately marketable against round-lot orders when entered. The Exchange will permit a Post Only Order to post if odd-lot orders are the only marketable orders in the book.

The text of the proposed rule change is available on the Exchange’s Web site at

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(5).

<http://www.nsx.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

1. Purpose

A Post Only Order is an order designed to encourage displayed liquidity on the Exchange. By its terms, a Post Only Order is posted on the Exchange and does not route away to another trading center. Currently, a Post Only Order is rejected by the Exchange if the order is immediately marketable against any order on the Exchange, even if the order is an odd-lot order.<sup>5</sup> The Exchange intends to change the operation of Post Only Orders so that such orders are rejected only if there are marketable round-lot orders in the book, resulting in Post Only Orders being posted when an odd lot order is the only marketable order in the book. In this way, the Exchange will enhance liquidity on the Exchange by permitting greater ability for the Post Only Order to be posted in the book.

NSX Rule 11.11(c)(5)(A) states that the "Post Only Order that is not a Zero Display Reserve Order will be rejected without execution if it is immediately marketable when entered."

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<sup>5</sup> In SR-NSX-2008-03, the Exchange adopted a new Zero Display Reserve Order type and changed the rule text to state that Post Only Orders that are not Zero Display Reserve Orders will be rejected without execution if immediately marketable. See Securities Exchange Act Release No. 57311 (February 12, 2008), 73 FR 9148 (February 19, 2008). The Zero Display Reserve Order type will commence trading in April 2008.







